



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)
163/4, Kutchery Road, Mylapore, Chennai - 600004
E mail i.d: aiubparf@gmail.com/ ubioatnng@gmail.com/ suryanarayananram@gmail.com

Com. P.B. Thomas
Chairman
Thiruvananthapuram
M: 09447177456

Com. Nitin Desai
President
Ahmedabad
M: 097277 60641

Com. S. Bagchi
Working President
Kolkata
M: 0983081586

Com. N. Govindarajulu
General Secretary
Chennai
M: 09841089111

Dear Comrades,

20th October , 2016

News of Interest 20th Oct

QUOTE OF THE DAY

**“MOTIVATION IS THE ART OF GETTING PEOPLE TO DO WHAT YOU WANT THEM TO DO
BECAUSE THEY WANT TO DO IT.” DWIGHT D. EISENHOWER**

- 1. SBI TO RAISE RS 3,300 CR VIA ADDITIONAL TIER-1 BONDS**
- 2. CYBER ATTACK: SBI TO RE-ISSUE 6 LAKH DEBIT CARDS; AXIS ADMITS BREACH**
- 3. BANK CREDIT FALLS FOR FIRST TIME IN 5 YEARS; DECLINES TO RS 26.18 LAKH CR**
- 4. FESTIVE SEASON: HOME BUYERS LIKELY TO SNUB EVEN 10-15% DISCOUNTS BY BUILDERS; HERE'S WHY**
- 5. STATE BANK OF PATIALA GETS SPECIAL AWARD FOR EXCELLENCE IN MSME LENDING**
- 6. FEW TAKERS FOR KINGFISHER VILLA IN GOA, AS BIDDERS REMAIN WARY OF LEGAL ISSUES**
- 7. POST-IPO, RBL BANK Q2 NET UP 34%**
- 8. NO PICK-UP IN DEMAND FOR CORPORATE CREDIT: SBI CHIEF**

Business Standard

1. SBI to raise Rs 3,300 cr via additional tier-1 bonds

This is the second time in recent months that the bank is looking to raise funds through this route

Abhijit Lele

State Bank of India, the country's largest lender, is planning to raise up to Rs 3,300 crore through additional tier-1 (AT1) bonds to shore up capital adequacy.

This is the second time in recent months that the bank is looking to raise funds through this route. In September, it had issued AT1 bonds worth Rs 2,100 crore to YES Bank at a coupon (interest rate) of nine per cent.

CRISIL has assigned 'AA+' for these bonds. For arriving at the ratings, CRISIL has combined the business and financial risk profiles of SBI and its subsidiaries, including associate banks, collectively referred to as the SBI group. This is because the associate banks and subsidiaries are an integral part of SBI's growth strategy.

According to a senior SBI executive, the rates on long-term paper have softened since the start of September. "We want to be ready to take the benefit of falling yields."

The yield on five-year government paper has moved down from 7.02 per cent in early September to 6.71 per cent; for 10-year paper, it has seen a fall from 7.12 per cent level to 6.73 per cent now.

CRISIL's ratings on SBI's debt instruments continue to factor in the SBI group's dominant market position in the Indian banking sector, strong resource profile, adequate capitalisation, and profitability.

The ratings also factor in the continued strong support the bank is expected to receive from its majority owner, the Government of India, both on an ongoing basis and in the event of distress. These rating strengths are partially offset by the SBI group's modest asset quality.

In the middle of September, SBI also floated the country's first overseas AT1 bond offering and raised \$300 million. Although it pruned issue size from \$500 million to \$300 million on its tight pricing stance, SBI fixed the coupon at 5.5 per cent. The price for this issue is expected to become the benchmark for other Indian banks planning similar overseas bond offering.

SBI's capital adequacy ratio (CAR) was 14.01 per cent in June 2016, against 12 per cent a year ago. Common equity tier-1 (CET-1) was 10.71 per cent in June this year, against 9.59 per cent last year.

SBI's CAR improved substantially in the first quarter of FY17 due to gains from revaluation of real estate assets. It boosted CET-1 by Rs 14,383 crore (72 basis points).

RAISING FUNDS

- SBI is looking to raise funds to shore up capital adequacy
- This is the second time in recent months that SBI is raising funds via AT1 bonds
- In September, it had issued AT1 bonds worth Rs 2,100 crore to YES Bank at a coupon of 9%
- CRISIL has assigned 'AA+' rating for these bonds
- CRISIL's ratings on SBI's debt instruments continue to factor in the SBI group's dominant market position in the Indian banking sector
- In the middle of September, SBI also floated the country's first foreign AT1 bond offering and raised \$300 million

2. Cyber attack: SBI to re-issue 6 lakh debit cards; Axis admits breach

Three financial institutions, including the BSE, have faced cyber attacks in the past three months

Nupur Anand

Three financial institutions, including the BSE, have faced cyber attacks in the last three months. Several banks have faced an increase in some form of cyber attack or security breach in recent times.

Axis Bank recently informed the Reserve Bank of India (RBI) that it had experienced a cyber attack, while the State Bank of India said it was re-issuing over 600,000 debit cards because of a potential security breach.

In some of these, a virus or malware blocks the system, which can be accessed only after a ransom is paid.

"Software viruses were found in three personal computers at the BSE in August, which were identified, separated and quarantined immediately," said the exchange.

"The viruses did not have any impact on the working of the BSE or any of its departments. The viruses have also not been found to have affected other PCs. The incident was reported to regulatory agencies as part of routine compliance reporting," the exchange added.

Sources said similar attacks had occurred at the National Payments Corporation and HDFC Bank. However, HDFC Bank and NPCI said that they had not experienced any specific ransom malware threat.

Axis Bank has hired EY to investigate the cyber attack that it had experienced.

There have also been reports that ATM card details of several account holders may have been compromised. Several banks have asked their customers to change their card security details and to stick to their own ATM networks.

A survey on fraud in the financial sector by Assocham and PwC found these caused \$20 billion (Rs 1.26 lakh crore) in direct losses annually. The RBI has said the number, frequency and impact of cyber attacks have increased manifold in the past few months. However, experts said in none of these cases has any financial loss been reported.

"The level of preparedness for cyber crime in India is very basic. Companies need to improve their response and detection capabilities," said a cyber security consultant. The RBI has asked banks to increase focus on cyber security and is checking their preparedness to handle cyber fraud.

Financial Express

3. Bank credit falls for first time in 5 years; declines to Rs 26.18 lakh cr

Fall in credit deployment in micro industries led to the drop, the first in 5 years

By: [Shritama Bose](#)

Bank credit to industry fell for the first time in at least five years on a year-on-year (Y-o-Y) basis in August, dropping 0.2% to R26.18 lakh crore, according to data released by the Reserve Bank of India. In August 2015, the figure stood at R26.24 lakh crore, up 5% from August 2014.

A decline in credit deployment in medium and micro & small industries primarily accounted for the drop, falling 5.5% and 3.7%, respectively. Loans to large industries grew a paltry 0.7% from the previous year and stemmed the overall fall in credit to industry.

Industrial credit has been depressed since the beginning of the current financial year, struggling to clock 1% growth as banks have turned cautious amid the worsening asset quality while private investments remained muted.

In contrast, loans to individuals have been consistently clocking growth in the medium to late teens since May 2015. In August, retail loans grew more than 18% from the previous year to R14.56 lakh crore, with housing loans making up for more than 54% of the pie. Vehicle loans accounted for nearly 11%.

Bankers say retail credit is doing well this festive season, led by the vehicles loans segment. Jaya Chakraborty, general manager for priority, RRB, MSME and retail banking at Dena Bank, said: "We are definitely seeing a pick-up in the retail segment, especially in autos. It is there in home loans as well, but not in metros. Rather, we are getting more queries from tier-II and tier-III locations."

The bank had seen two-wheeler and four-wheeler loan disbursement to the tune of R14,000 crore during the festive season last year, and expects to surpass that figure this year, she said.

Analysts expect industrial credit offtake to languish for some more time as companies increasingly move to raise cash from money markets, which have been more effective in transmitting lower policy rates to borrowers than banks.

4. Festive season: Home buyers likely to snub even 10-15% discounts by builders; here's why

For the fourth year in a row, home buyers are expected to lie low this festive season too even if they're offered discounts of 10-15% on the rate card. The subdued sentiment in the real estate market is reflected in the smaller number of new unit launches; these are tipped to be lower by as [...]

By: [Shubhra Tandon](#)

For the fourth year in a row, home buyers are expected to lie low this festive season too even if they're offered discounts of 10-15% on the rate card. The subdued sentiment in the real estate market is reflected in the smaller number of new unit launches; these are tipped to be lower by as much as a third or even a fourth across the four major residential markets. With builders not really betting on a very large number of fresh bookings, no big bang launches have been lined up.

Industry estimates suggest that the northern part of the country including Delhi & NCR — billed as the largest market for property sales during the Dussehra-Diwali period — will see no increase in the number of residential units launched this Dussehra-Diwali. According to PropEquity, 8,681 homes were put on sale in the region during the festive months last year.

In the West, Mumbai Metropolitan Region (MMR) is expected to see a steep fall of nearly 40% in unit launches this year while Pune may see a decline to half. In the south, Bengaluru, which is reeling under a pile-up in inventories, may see a steep 30% fall in new homes on offer compared to the festive months of last year.

Traditionally, the October to December period sees more property being purchased as it is considered auspicious for closing out transactions. However, with the economy not gaining momentum for more than two years now, the mood even during the festive months has remained subdued. For their part, developers have refrained from putting too many properties on offer given they have been unable to clear unsold inventory.

Samir Jasuja, founder, PropEquity, says there are unlikely to be too many launches this time around given developers are struggling with significant unsold stock. "Buyers may not be tempted straight away and would like to wait for the market to get back into positive momentum. While markets have seen positive steps including a rate cut from the RBI and initiatives for smart cities, these catalysts will have an impact with a lag," Jasuja said.

Last year Oberoi Realty, Godrej Properties and new kid on the block Piramal Realty came up with large projects coinciding with the festive period. The fairly good response, industry experts said, was a sign of customers' trust in these brands. Moreover, they pointed out that offers from reputed developers were hitting the market after a long time. However, these launches were restricted to MMR alone. This time around, given the sentiment has not improved and that inventories remain high, no big launches are expected.

Srinivas Rao, CEO (Asia Pacific) for Vestian, a realty consultancy firm based in Bengaluru, says a possible price correction and policy uncertainties remain the biggest deterrents to property sales this festive season.

"The cautious buyer today is no more taken in by developers offering incentives like the 20:80 scheme, free gold coins, free car parking, two-wheelers or modular kitchen set-ups. Instead pragmatic purchase decisions are based on tax benefits and project specifications and these are not always limited to auspicious calendar dates and vastu," said Rao.

However, developers say freebies do help them woo customers. "Customers like being given gold coins on bookings and it does sometimes result in sales," Manohar Shroff, vice-president, Maharashtra Chamber of Housing Industry (Navi Mumbai) said. Shroff said that in Navi Mumbai, developers are even offering price discounts to the tune of 10%-15% on the quoted rate, which is doing well for the ready possession flats. However, under-construction apartments continue to be a hard sell.

Economic Times

5. State Bank of Patiala gets special award for excellence in MSME lending

By ET Bureau

State Bank of Patiala has been conferred "Special Award for Excellence in MSME lending" for its performance in lending to the MSME sector during the year 2013-14 and 2014-15 with a growth of Rs 2597 crore (annualized 23%) and Rs 994 crore (annualized 7.10%) respectively, covering the entire range of services.

S A Ramesh Rangan, Managing Director and Devendra Kumar, General Manager, State Bank of Patiala received the award on behalf of the Bank in the National Award Function held at Punjab Agricultural University (PAU), Ludhiana on Monday wherein the Prime Minister of India, Narendra Modi, was the chief guest.

The award was given by Kalraj Mishra – Union Minister for Micro Small and Medium Enterprises, Government of India.

The Bank is maintaining momentum in lending to this sector during the current financial year also. With a view to extend the coverage of MSME sector, the Bank has 30 MSME specialized branches.

Business Line

6. Few takers for Kingfisher Villa in Goa, as bidders remain wary of legal issues

OUR BUREAU

The attempt by a State Bank of India-led consortium of lenders to auction Vijay Mallya's plush 'Kingfisher Villa' in Goa — to recover dues from the defunct Kingfisher Airlines (KFA) — hit a wall with a no-show from bidders at the auction on Wednesday.

The reserve price for the villa, spread over 12,350 sq ft (three acres), was set at ₹85.29 crore.

The villa is owned by United Breweries (Holdings). Lenders had taken physical possession of the villa in May 2016.

Recovering the ₹7,000 crore lent to KFA is proving to be an uphill task for banks. Two earlier attempts — in March and August 2016 — to auction Kingfisher House in Mumbai was in vain.

Despite reducing the reserve price from ₹150 crore to ₹135 crore, there were no takers.

The move by banks to auction trademarks (including the brand value of the Kingfisher logo) in August 2016 too was unsuccessful. The reserve price for the brands was set at ₹330 crore.

Dull market

"The real estate market is dull and bidders are wary of throwing their hat in the ring for a property which is under litigation," said a banker clued in on the developments. Now, banks may have to lower the reserve price to attract bidders for the villa and Kingfisher House.

The Enforcement Directorate (ED) had, on September 3, issued its second attachment order for assets worth ₹6,630 crore against Mallya, as it seized his farmhouse, flats and FDs in connection with its money laundering case against him and his associates.

The provisional attachment order, issued under the provisions of the Prevention of Money Laundering Act, ordered the seizing of a farmhouse in Mandwa in Ali baugh worth ₹25 crore, multiple flats in Kingfisher Tower in Bengaluru worth ₹565 crore, fixed deposits of Mallya with a private bank to the tune of ₹10 crore and shares of USL, United Breweries and McDowell Holding Company, jointly held by the liquor baron and UBHL and his controlled entities, worth ₹3,635 crore.

"The total attachment under today's order is worth ₹4,234.84 crore but the present market value of these properties and assets is ₹6,630 crore approximately," the agency's order said.

7. Post-IPO, RBL Bank Q2 net up 34%

OUR BUREAU

Newly-listed private sector bank RBL Bank saw its net profit grow by over a third to ₹89.89 crore in Q2 FY17 (₹66.93 crore in Q2 FY16). Net interest income for the quarter was ₹302.94 crore (₹189.93 crore), an increase of 59.50 per cent.

Net interest margin (NIM) for Q2 FY17 improved 42 basis points to 3.41 per cent. Cost to income ratio declined to 53.59 per cent in Q2 FY17 from 60.01 per cent in Q2 FY16.

Vishwavir Ahuja, MD & CEO, said: "In the year so far, the bank has continued with strong growth momentum at all levels in terms of asset and deposit growth; particularly savings accounts deposits, as well as profitability, despite a challenging credit environment. With good monsoon and signs of stronger growth momentum in the economy, the banking industry sentiment appears to be positive.

"The focus of business is on ensuring strong client traction in all business segments while leveraging technology to acquire, engage and service clients, improves CASA deposits, improve operating efficiency and maintain credit cost within acceptable levels. Our financial metrics are moving in the right direction for achievement of the medium-term objectives set for the bank."

The bank's net advances grew 44 per cent year-on-year to ₹24,875.6 crore while deposits grew 38 per cent y-o-y to ₹27,959.98 crore. The CASA ratio stood at 19.89 per cent as at September 30, 2016 compared to 18 per cent as at September 30, 2015.

Its gross NPAs (bad loans on gross basis) of the bank increased 17 basis points to 1.1 per cent while net NPAs increased seven basis points to 0.55 per cent.

The bank's capital adequacy ratio as at September 30, 2016 was 14.55 per cent and tier-1 capital adequacy was 11.94 per cent. During the quarter, RBL Bank successfully completed its ₹832.5-crore IPO of equity shares and listed on the NSE and the BSE on August 31.

The bank also successfully completed issuance of subordinated debentures qualifying as tier II capital under Basel III regulations amounting to ₹330 crore and listed on the BSE.

RBL Bank also picked up a 9.9 per cent stake in the equity capital of Utkarsh Micro Finance during the quarter.

8. No pick-up in demand for corporate credit: SBI chief

ANIL URS

Credit offtake from Corporate India is still low even as the so-called busy season is underway, according to State Bank of India Chairman Arundhati Bhattacharya.

She told *BusinessLine* that it is at the same level as last year. There has been "some contraction mainly because there is a lot of repayment of earlier loans," she said.

"Besides, there are a lot of corporates who have gone to the markets directly. And, few better-rated corporates have taken the commercial paper or bond route. So, they have not taken loans and you know the base itself has shrunk." Similarly, the SBI chief said, many mid-size corporates are not taking loans, as

they don't need any money now. "So, because of all these things, the actual rebound in commercial loans is not still visible."

On the working capital side, borrowings are not growing because the costs of inputs have come down. All commodity prices are low, the cost of energy has already come down, Bhattacharya said.

"We don't yet see very many large projects, that is why on the corporate side offtake is still slow."

Retail credit

Talking about the retail loan business as the economy enters the peak season. Bhattacharya said: "Retail is doing well. Pan-India, the demand is good, our demand is good. Compared with last year, it is much better."

On merger of associate banks, Bhattacharya said, "The merger will see associate lenders coming on one platform. Further, rationalisation of branches will happen, because one cannot have an associate branch and an SBI branch sitting side-by-side."

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)
GENERAL SECRETARY**